



## **NEW START Act of 2019**

Every year, more than 600,000 people are released from prisons and another approximately 11 million cycle through local jails. An estimated 64.6 million Americans (25 percent of the population) have a criminal record of some kind and studies by the Department of Justice have found high rates of recidivism among released prisoners.

One of the primary drivers of high recidivism rates is the inability for returning citizens to find a job – up to 60 percent of ex-offenders remain unemployed one year after their release. A 2015 Manhattan Institute study found that employment, especially within the first six months of release, drastically lowers the likelihood of recidivism for nonviolent offenders.

Entrepreneurial development programs for formerly incarcerated individuals report dramatically lower rates of recidivism, and self-employment can provide economic stability for those who are otherwise locked out of the labor market. Entrepreneurship should be one of the tools that returning citizens have access to as they re-enter society.

**Bill Summary:** The bill establishes a 5-year pilot program within the Small Business Administration (SBA) to award grants to at least six organizations (or partnerships of organizations) annually over the five-year period to provide entrepreneurial development training to formerly incarcerated individuals. The organizations must demonstrate ties with the business and returning citizen communities. In addition, organizations are required to partner with lenders in the existing SBA Microloan Program who will provide microloans (up to \$50,000) to qualifying participants. This program is not intended to supplant or take away from the traditional Microloan Program.

- SBA Microloan Intermediaries are nonprofit lenders that can best reach underserved populations. The SBA does not guarantee microloans. Instead, it directly lends to intermediaries who are then obligated to repay their loans to the SBA. The technical assistance that comes with an SBA microloan ensures that business guidance does not cease once program participants have completed their entrepreneurial development programs. This structure helps mitigate risk to taxpayer money, ensures that lenders will be mission-based and community-focused, and gives loan recipients additional assistance post-pilot program.